

INSTRUMENT PREPARED BY
VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: **Equitable Production Company**

VIRGINIA GAS AND
OIL BOARD
VGOB DOCKET NO.:
89-0126-0009-37

RELIEF SOUGHT:

MODIFICATION OF THE OGCB NORA GAS
FIELD RULES ORDER, ENTERED MARCH 26,
1989, AS AMENDED, TO ALLOW MORE THAN
ONE COALBED GAS WELL TO BE DRILLED IN
THE UNITS IDENTIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: **AK-76** (VC-536612), **AK-77** (VC-536618),
AK-78 (VC-537051), **AK-79** (VC-537052), **AL-76** (VC-536613),
AL-77 (VC-537049), **AL-78** (VC-537050), **AL-79** (VC-536626),
AM-76 (VC-536614), **AM-77** (VC-537048), **AM-78** (VC-536623),
AM-79 (VC-536627), **AN-76** (VC-536615), **AN-77** (VC-536619),
AN-78 (VC-536624), **AN-79** (VC-536628), **AO-76** (VC-536616),
AO-77 (VC-536620), **AO-78** (no existing well in this unit),
AO-79 (VC-536629) LOCATED IN DICKENSON COUNTY,
VIRGINIA; SEE ANNEXED **EXHIBIT "H2"**

**REPORT OF THE BOARD
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **November 18, 2008** at the Southwest Virginia Technology Center, Campus of Virginia Highlands Community College, Abingdon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit "B"** attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: **None.**

5. Relief Requested: (1) Modification of the Nora Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Nora Field Drilling Units identified above and in **Exhibit "H2"** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Nora Field after the Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Nora Coal Bed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit "H2"** hereto, the Nora Coal Bed Gas Field Rules Order, OCGB order entered of March 26, 1989, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Nora Coal Bed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Nora Drilling Unit within which the wells are located.

c. In the event a second well is proposed that is to be located outside the drilling window of any Nora Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

- (i) If a 58 acre square with the proposed well at its center lies entirely within Nora Drilling Units which are voluntary in nature and are not subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Nora Order which allow wells to be drilled outside the drilling windows; or
- (ii) If a 58 acre square with the proposed well at its center lies entirely or partially within any Nora Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.
- d. The formations subject to this Modification Order are described in the OGCB Order entered March 26, 1989, as amended.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.
- g. The boundaries of any Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as

defined by Board action specific to individual units.

h. The acreage subject to this Modification Order is depicted in **Exhibit "H2"** attached hereto:

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

j. Except as herein specifically modified, the proposed Drilling Units in **Exhibit "H2"** shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Nora Gas Field Rules, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to wit: **November 18, 2008.**

8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

9. Effective Date: **November 18, 2008.**

DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley Lambert, Chairman

DONE AND EXECUTED this 7th day of July, 2014, by a majority of the Virginia Gas and Oil Board.

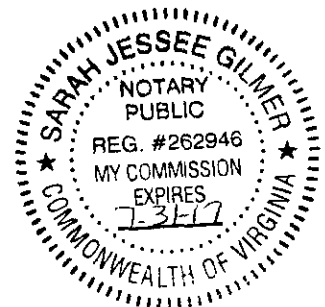
Rick Cooper
Rick Cooper
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA
COUNTY OF RUSSELL:

Acknowledged this 7th day of July, 2014, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sarah Jessee Gilmer
Sarah J. Gilmer

My Commission Expires July 31, 2017



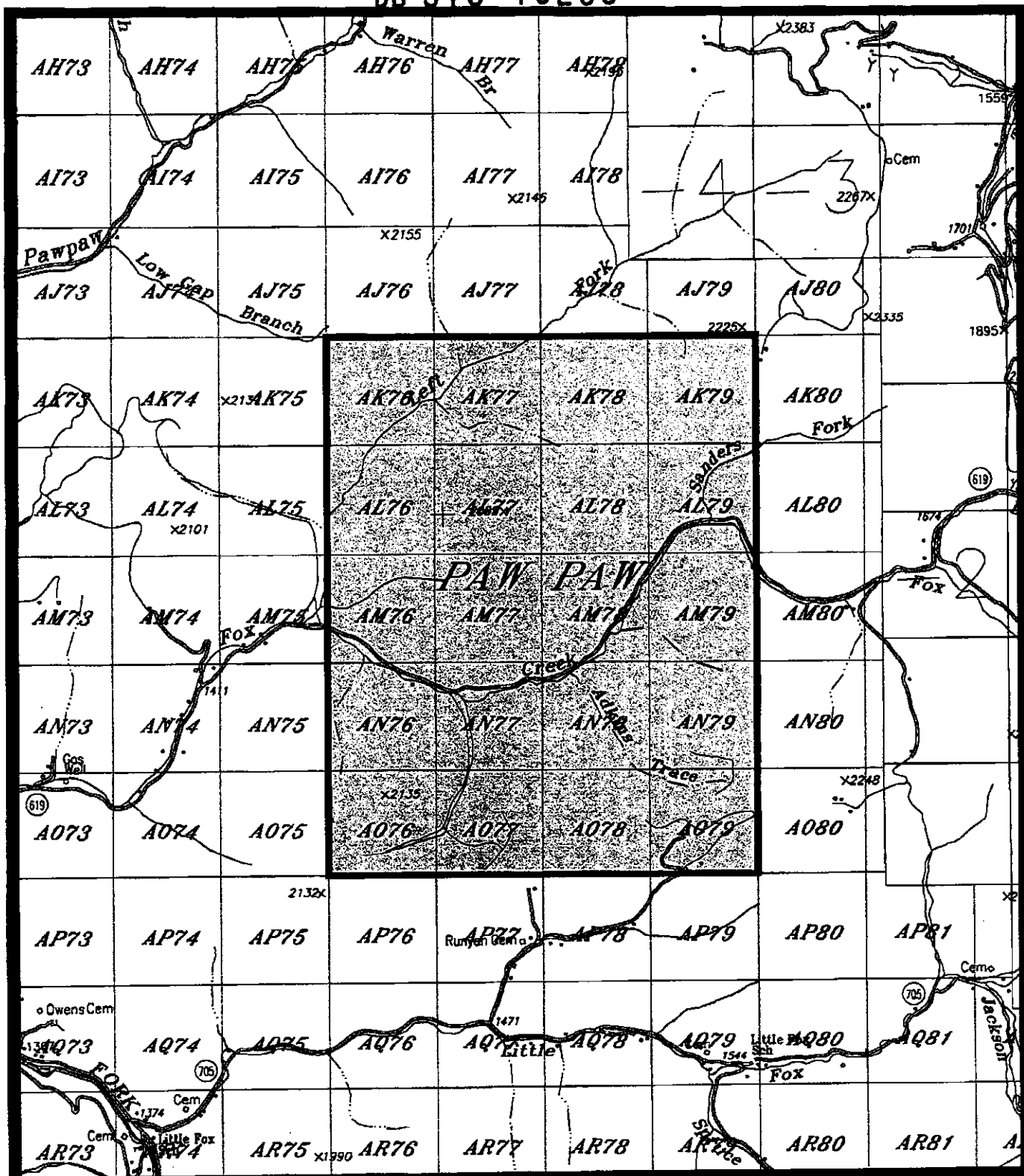


EXHIBIT A
PAW PAW
INCREASED DENSITY DRILLING NORA FIELD



EXHIBIT "B"
Increased Density
Paw Paw

Mr John Mooney
Vice President & Regional Manager
ACIN, LLC
P. O. Box 2827 Huntington, WV 25727

Mr. Steve Smith
Vice President of VA/KY Engineering
Alpha Land & Reserves. LLC
and Maxxim Shared Services, LLC
5703 Crutchfield Drive
Norton, VA 24273

Range Resources-Pine Mountain, Inc.
ATTN: Jerry Grantham
P.O. Box 2136
Abingdon, VA. 24212

Fairview Limited Partnership
4710 Hunterwood Circle
Richmond, TX. 77469

Carol Irvin and
John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

Elene Combs
318 East Fincastle
Tazwell, VA. 24651

Martha E. Combs
P.O. Box 1404
Abingdon, VA 24212

John W. Pobst, Jr.
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

Virginia Lee Linwick and
Phillip Linwick
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

Richard K. Pobst
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

EXHIBIT "B"
Increased Density
Paw Paw

Catherine Pobst
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

Meridith Ellis Jennings
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX. 77469

CNX Gas Company
P. O. Box 947
Bluefield, VA 24605

Levisa Coal Company
c/o John C. Irvin
4710 Hunterwood Circle
Richmond, TX 77469

Joseph Dwayne Tiller
Route 1 Box 6
Honaker, Virginia 24260

Fate Gains Compton
251 Decatur Road
Stafford, Virginia 22554

Hurley & Betty Ratliff, Life Estate
Barbara Crouse & Lindy Duty
Route 2 Box 463
Vansant, VA 24656

Patricia Ann Compton
8240 Beatrice
Westland, Michigan 48185

Bobby H. Owens and Molly F. Owens
P.O. Box 1033
Lebanon, Virginia 24266

INSTRUMENT #140000000
RECORDED IN THE CLERK'S OFFICE OF
DIXONSON ON
JULY 17, 2004 AT 11:17PM

RICHARD W. EDWARDS, CLERK
RECORDED BY: CJB